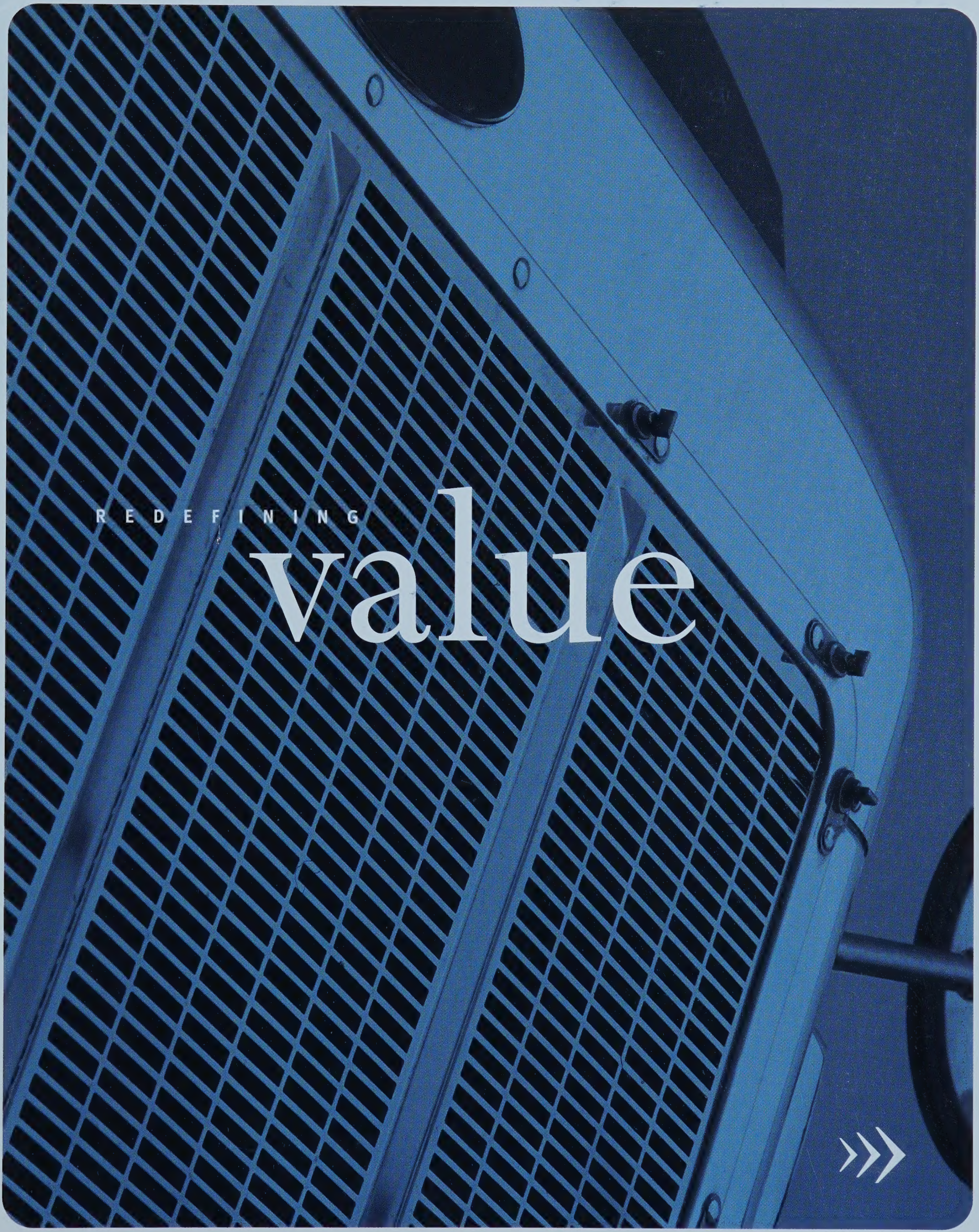
ANNUAL REPORT 2001

TransForce

REDEFINING value



TRANSFORCE

profile

A CANADIAN TRANSPORTATION COMPANY SERVING THE NORTH AMERICAN CONTINENT

TransForce, a leading player in the freight transportation industry in Eastern Canadian markets, directly services more urban centres than any other carrier in the country. Its scope extends to all of Canada and the United States.

TransForce offers highly efficient, global solutions to its clientele in four, well-defined operational sectors: less than truckload (L.T.L.), truckload (T.L.), specialized transport and logistical and warehousing services. TransForce is in a position to offer its clientele transportation solutions in perfect sync with their evolving business processes as a result of the specialization of each of its subsidiaries and the unequalled know-how of the Company's employees in their individual areas of expertise.

AN ENTERPRISE WHERE OPERATIONAL EFFICIENCY AND INNOVATION ARE ITS STRENGTHS

TransForce has established its reputation for operational efficiency regardless of client, type of merchandise carried or the distance covered.

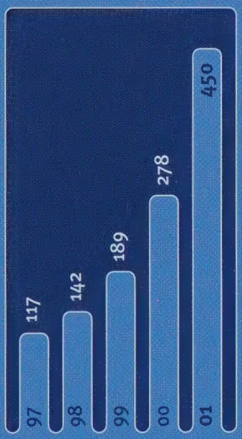
This success is based on:

- being proactive by listening to clients and their expectations;
- on-going employee training designed to improve their abilities to meet the specific needs of customers;
- the acquisition and maintenance of a fleet of trucks and trailers that are in the forefront of market demands as well as existing security norms;
- the judicious use of up-to-date information technologies for optimal management of both assets and human resources.

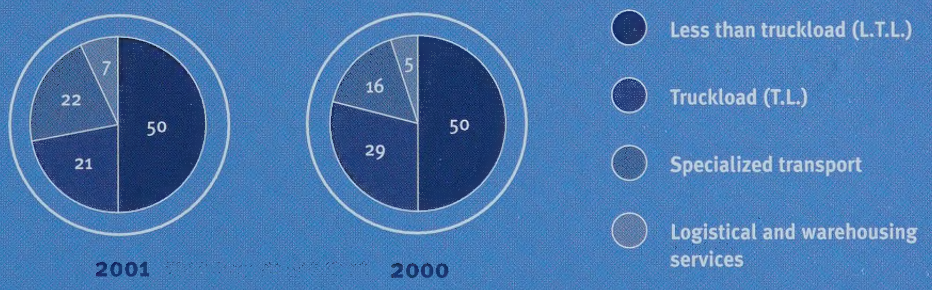
HEADING TO NEW HEIGHTS

- $450 million in revenue, an increase of 62%
- More than 20% increase in return on equity in each of the last three years
- Exponential growth in logistical and warehousing services (154%)
- Strengthening of positioning in the transborder market (40% of consolidated revenues)
- Better balanced revenue mix by business segment
- ITX prize of excellence awarded to TST Expedited Services, a subsidiary specializing in rush deliveries, for its high-level quality of technological solutions

REVENUES
(in millions of dollars)

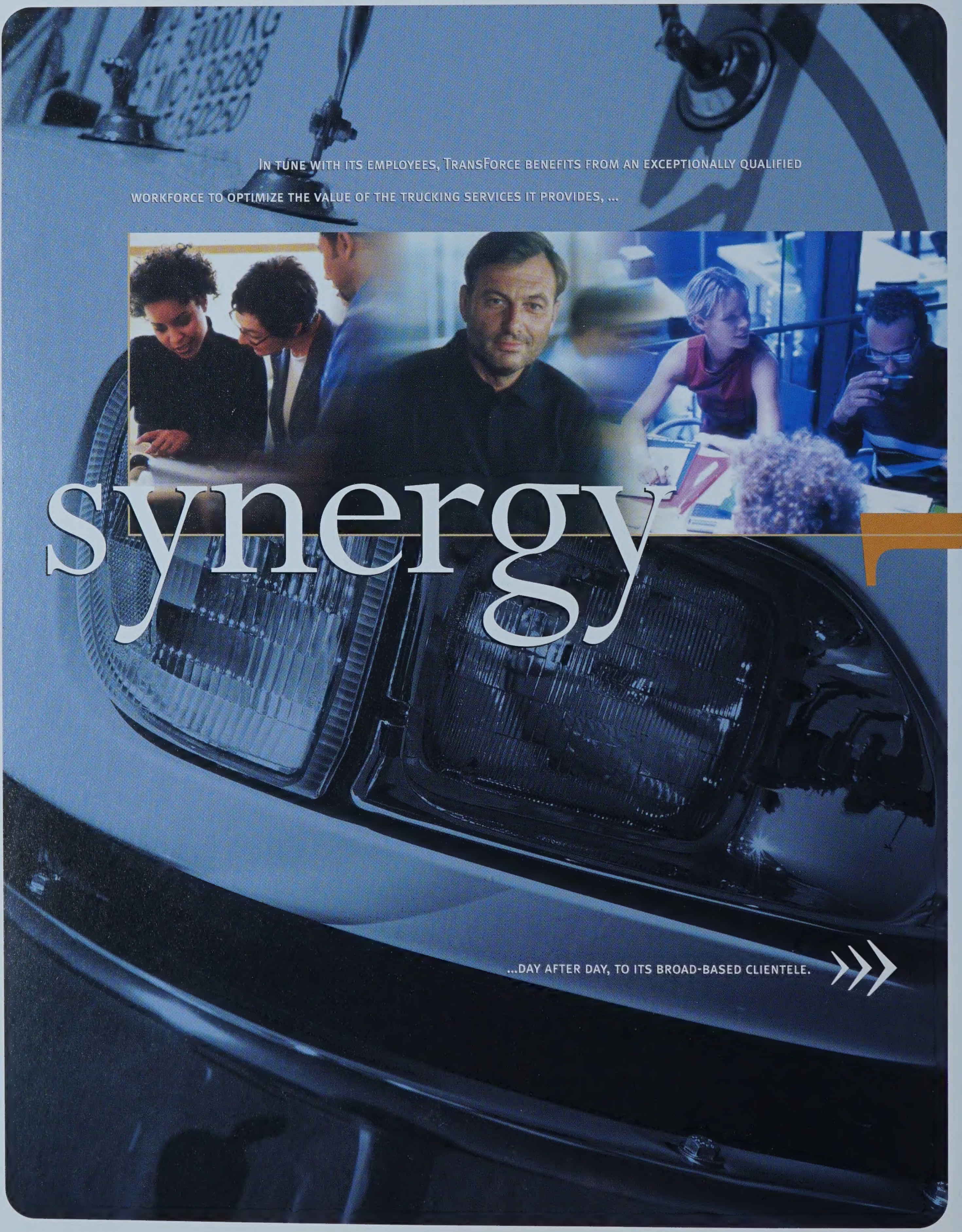


REVENUES BY BUSINESS SEGMENT
(in percentages)



RETURN ON EQUITY
(in percentages)

REVENUES BY GEOGRAPHIC SECTOR
(in percentages)


In tune with its employees, TransForce benefits from an exceptionally qualified workforce to optimize the value of the trucking services it provides, ...
synergy
...day after day, to its broad-based clientele.

AT A TIME WHEN ORGANIZATIONAL EFFICIENCY, CREATIVITY AND THE ABILITY TO LEVERAGE TECHNOLOGY are key to gaining a competitive edge, a company's employees are a precious resource.

The employees at TransForce, who have proven to be competent, responsible and always attuned to their customers' needs, play a key role in the lasting business relationships the Company maintains with its clientele.

This past year the Company, working with the unions, renewed two major collective agreements affecting some 600 Cabano Kingsway Transport employees in Quebec and 400 TST Overland Express employees in Ontario. In effect until 2005, these new labour contracts are added to those already signed during the previous year with 400 employees of Transport Cabano Kingsway of Ontario. Thus, the majority of unionized employees will benefit during this period from new working conditions.

Within the context of its contract renewals, the Company has introduced an avant-garde policy of remuneration. On one hand, it is designed to pay employees for the true worth of their work, which is one of the best performing policies in the industry. On the other hand, it has eliminated clauses that made it difficult to recruit competent young workers from outside the Company. The same spirit applies to the remuneration policy for non-unionized employees.

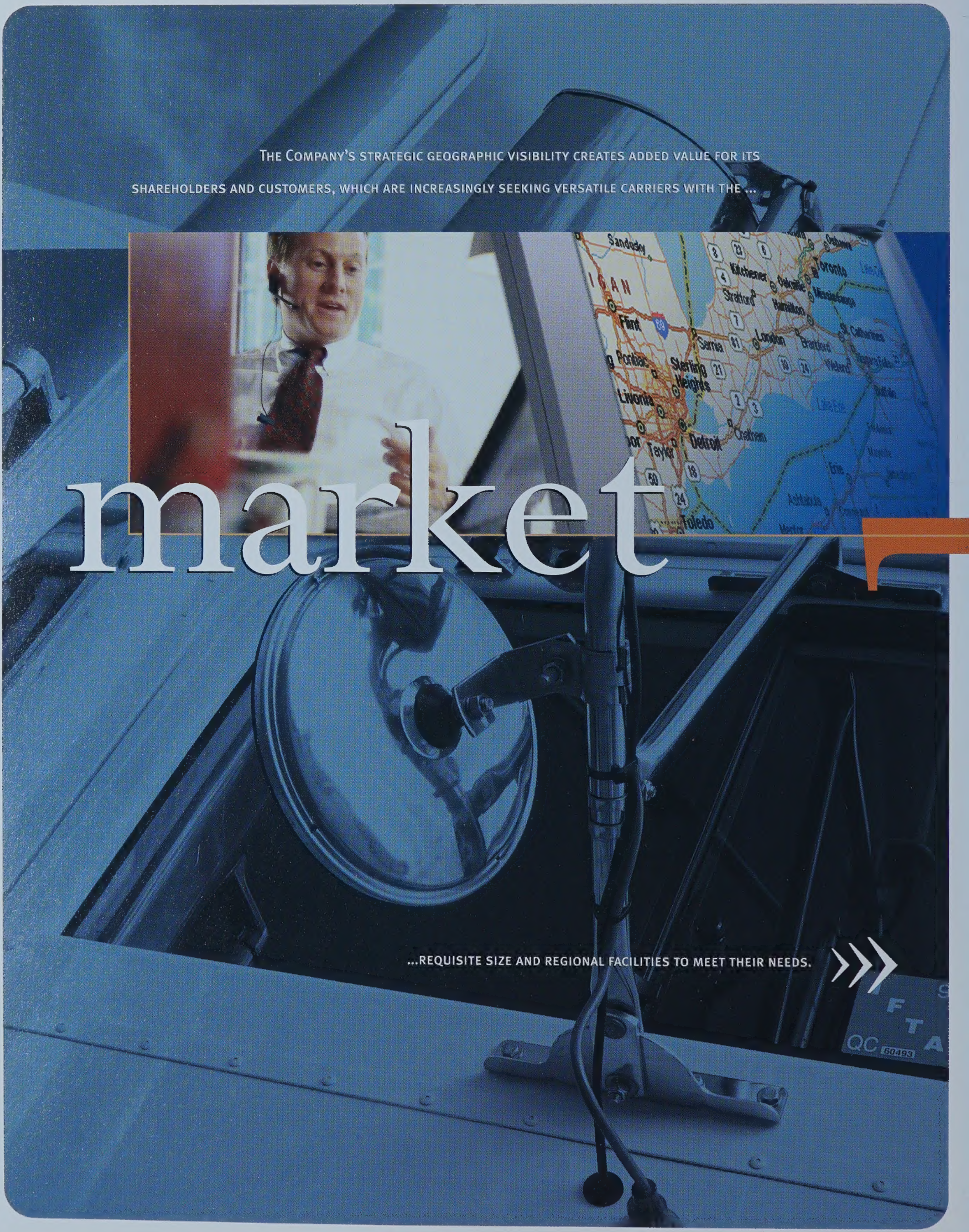
Driven by excellence, TransForce leverages the professionalism of its highly qualified employees, whose aspirations and skills allow the Company to innovate, grow and adapt in a very competitive business environment.

The Company can boast that it benefits from unparalleled stability among its personnel, with a very low turnover rate.

In conjunction with the introduction of new technologies, such as the increased, advanced use of on-board computers, TransForce extended its employee training program in 2000-01 to maximize the use of these technological tools.

These initiatives will ensure on-going quality services to the Company's clientele during the coming years while enabling TransForce to better control its labour costs over the next four years.

No other Canadian trucking company can boast about having a management team totally dedicated to each of their spheres of activity. By delegating the operations of each sector to real specialists, TransForce has created a distinct competitive advantage, which effectively maximizes the value of its customer services.



THE COMPANY'S STRATEGIC GEOGRAPHIC VISIBILITY CREATES ADDED VALUE FOR ITS SHAREHOLDERS AND CUSTOMERS, WHICH ARE INCREASINGLY SEEKING VERSATILE CARRIERS WITH THE ...

market

...REQUISITE SIZE AND REGIONAL FACILITIES TO MEET THEIR NEEDS. »»

MAINLY AS A RESULT OF ACQUISITIONS MADE IN THE FOURTH QUARTER of fiscal 1999-00, TransForce's revenue mix changed geographically to a certain extent in the past year. The burgeoning transborder transport segment accounted for 40% of the Company's consolidated revenues in 2000-01.

In the less-than-truckload (L.T.L.) sector, TransForce, through its subsidiaries, TST Overland Express, a member of the U.S. Expresslink network, and Cabano Kingsway Transport can service all markets in the United States and Canada for the greatest benefit to its less-than-truckload clientele.

The numerous acquisitions made in the past few years have enabled TransForce to increase its service coverage for full truckloads and thereby extend its know-how to the domestic Canadian and transborder markets.

The relatively fragmented North American trucking industry offers lucrative and exciting business opportunities for TransForce, especially in transborder and specialized transport as well as logistical and warehousing services.

Bolstered by sustained trade growth between Canada and the U.S., the Company's monetary value and percentage of business volume attributable to freight transport in the north-south corridor, — a strategic factor — should continue to enjoy sustained growth in the coming years.

services

TRUCKLOAD (T.L.)

Entreprises de Transport J.C.G.

Papineau International

TST Truckload Express

- Revenues: $97.8 million
- Employees: 390

LESS-THAN-TRUCKLOAD (L.T.L.)

TST Overland Express

Transport Cabano Kingsway

Kingsway Transport of America

- Revenues: $223.5 million
- Employees: 2,000

SPECIALIZED TRANSPORT

Flatbed transport
- Transport R. Mondor
- Mondor International
- Transless

Rush delivery
- TST Expedited Services

Bulk transport by tanker and/or dumper
- Transport Lebon
- Cabano Kingsway Transport
- Raynald April

Transport for air freight
- Transport McGill

Transport and handling of explosives
- Transport Nordique

››› Revenues: $98.0 million

››› Employees: 540

LOGISTICAL AND WAREHOUSING SERVICES

- TST Automotive Services
- Location Mirabel
- TST Load Brokerage Services
- C/K Logistics

››› Revenues: $30.7 million

››› Employees: 240

Uniting some twenty subsidiaries with complementary business philosophies operating in less-than-truckload, truckload and specialized transport, as well as logistical and warehousing services, TransForce offers its customers transport solutions in step with their changing business processes.


TransForce's unique ability to integrate new technologies
into its business processes allows the Company to actively ...
technology
...respond to the changing North American trucking industry.

A TECHNOLOGICAL GOAL OF TRANSFORCE IS TO BE AT THE LEADING EDGE OF THE CANADIAN FREIGHT TRANSPORT INDUSTRY IN DEVELOPING AND IMPLEMENTING NEW WEB-BASED APPLICATIONS or advanced computer and telecommunications functions. Indeed, this is one of the Company's strategies that will enable it to outpace the industry average in terms of revenues and improve its opertaing ratio over the next few years.

In a competitive trucking market, being in tune with its clientele is critically important for TransForce to listen to its customers and to offer them personalized and unique solutions. To reach that goal, TransForce continuously questions timeworn ideas and traditional methods of management. To this end, the Company has invested heavily in the past few years to implement cutting-edge Web-based technology that provides its customers with fast, continuous access to information.

To maximize the efficiency of its less-than-truckload fleet, TransForce uses an integrated communication system that combines onboard computers, a messaging system and a global positioning system (GPS). This technology platform establishes a permanent two-way link between the vehicles and the Company's operations control centre, allowing drivers to directly receive new dispatch orders, so as to more efficiently assign pickups and make optimal use of the available rolling stock. Using this same system, drivers confirm the delivery of merchandise as soon as completed.

This advanced solution allows the Company to remotely manage fleet use by providing it with various vehicle-related data and information on truckers' driving habits. In this way, TransForce maximizes operational profitability by reducing its maintenance and fuel costs and thereby leverages the profitability of its operations and thus contributes to safer roads and a cleaner environment.

The implementation of high-tech applications and systems – a part of the Company's continuous improvement process – creates added value for TransForce and its customers.

Among the various Web-based business applications recently introduced by TransForce are its new online services that allow customers to schedule pick-ups themselves, trace and check the status of their shipments, access freight invoices and proofs of delivery and download the necessary customs documentation.

The management of truckload fleets is based on a different but as efficient model. It is less complex by its nature than that of the less-than-truckload system. It does not require the use of such an advanced electronic communications system. It calls for the dispatcher to be in constant communication with the drivers. The same strict management and profitability criteria are applied just the same, whether it is the control of operational costs, safety or environmental protection.

Finally, TST Expedited Services has an exclusive method in North America for rush shipping. Thanks to this system, clients using their own computers, can literally follow on a step-by-step basis, and almost to the minute with a 90 second delay, the procedure for their urgent shipments. It is so precise that it goes as far as identifying the street on which the cargo is located, regardless of what North American city it may be. Another unique characteristic is the fact that it indicates the exact time of arrival at its destination.

MESSAGE TO SHAREHOLDERS

Continuing to create value

This past year, TransForce substantially advanced the implementation of its corporate strategy developed in 1996 to profitably increase its business volume, entrench its strategic positioning in North American markets, achieve a more balanced revenue mix by business segment and extensive use of new technologies.

For the fourth consecutive year, our Company greatly outpaced the competition by posting a 62% increase in revenues to $450 million, an average annual growth of 47.0% between 1998 and 2001. Some of the factors underlying this solid increase were the addition of several companies during the past two years, sustained organic growth in all areas, especially in logistical and warehousing services and the vitality of transborder transport. An important fact to note is that the return on equity was more than 20% during each of the past three years.

Entrenching our strategic positioning

A key player in Eastern Canada directly serving more urban centres than any other Canadian transport company, TransForce captured substantial market share in 2000-01 in all its business segments. Following the addition of TST Solutions Inc., two of its divisions, TST Overland Express and TST Automotive respectively further strengthened our position in the less than truckload (L.T.L.) and logistical and warehousing service sectors. This enabled us as well to benefit from the increase in Canada-U.S. trade despite the economic slowdown south of the border. These developments provided the opportunity to not only maximize our reach by serving a larger clientele, but also enhanced our financial flexibility by further balancing our revenue mix by business segment.

Managing growth wisely

Despite a rise in the price of fuel and an increase in our labour costs, we have succeeded in containing in large measure an increase in our operating costs while improving the quality of our customer service, thanks to the development of a more efficient organization. To reach that objective, we have invested $6 million in the construction and reorganization of our facilities as well as $1 million in the development of leading edge technological solutions. In addition, we have optimized the use of our resources by opting, wherever possible, for common infrastructures. We have ceased our commercial activities in those markets where it was not possible for us to reach our stringent profitability objectives. We have also cleared the way for additional synergies with our new subsidiaries through the harmonization of our services across our entire network. Finally, we have improved our employee training programs with the aim of broadening their computer knowledge and enhancing their productivity.

This strategy has translated into growth in our profitability. Our consolidated net earnings rose to $12.4 million, an increase of $1.9 million compared to the previous year. We generated $50.6 million in cash flow from operating activities, which permitted us to reimburse $45.9 million of long-term debt and bank advances.

Outlook

Proud of the strides we made this past year, we are nonetheless keenly aware of the challenges facing the transport industry. We are also equally sensitive to the fact that the North American economy has been undergoing a slowdown since the start of 2001. We will remain focused in 2001-02 on our core mission as a Canadian carrier, offering a full range of its services across North America through alliances and partnerships in the United States. We will sharpen the ties between our companies and we will invest in optimizing our terminals as well as in continuously upgrading our information technologies. We will accelerate our employee training programs and we will invest in our facilities with the objective of maintaining our competitive advantages.

Our Company greatly outpaced the competition by posting a 62% increase in revenues to $450 million.

We will be on the lookout for business opportunities conducive to the growth of our profitability as well as our influence in the Canadian domestic and transborder markets. In other words, we will stay the course that has until now generated value for our shareholders.

Acknowledgements

TransForce would not have been able to achieve its mission without the collaboration of all of its employees, who once again demonstrated exemplary professionalism in 2000-01. On behalf of the entire management team, I would like to thank them as well as the members of the Board of Directors who diligently see to the growth and financial health of the Company. I would also like to take this opportunity to welcome John Stollery, former president and CEO of TST Solutions Inc., who joined our Board of Directors last October and whose understanding of the trucking industry is most helpful to the Company.

Alain Bédard, CA, CMA
Chairman,
President and Chief Executive Officer

FINANCIAL OVERVIEW 2001

OPERATING RESULTS *(in thousands of dollars)*	2001	2000	1999	1998	1997
Revenues	**450,013**	278,162	188,543	141,970	116,575
Earnings before interest on long-term debt, taxes depreciation and amortization (EBITDA)	**65,944**	42,348	26,055	13,136	5,712
Earnings before income tax	**20,930**	14,832	7,498	2,254	(3,331)
Net income (loss)	**12,376**	10,531	6,635	2,029	(3,309)
Cash flow generated from operations	**39,407**	29,795	20,048	13,093	3,170

FINANCIAL POSITION *(in thousands of dollars)*	2001	2000	1999	1998	1997
Total assets	**307,835**	306,032	139,588	100,428	76,940
Long-term debt (including the current portion of long-term debt and convertible debentures)	**166,841**	181,246	70,559	41,011	30,299
Shareholders' equity	**60,023**	46,528	33,946	27,255	7,071

FINANCIAL RATIOS	2001	2000	1999	1998	1997
Operating ratio (%)	**92.0**	91.7	93.1	95.8	99.9
EBITDA/Revenues ratio (%)	**14.7**	15.2	13.8	9.3	4.9
Return on equity (%)	**23.2**	26.2	21.7	11.8	(37.5)
Working capital ratio	**0.84:1**	0.80:1	0.76:1	0.79:1	0.51:1

PER SHARE VALUE *(in dollars)*	2001	2000	1999	1998	1997
Basic earnings per share					
Before amortization of goodwill	**0.44**	0.38	0.23	0.21	(0.21)
After amortization of goodwill	**0.33**	0.34	0.21	0.09	(0.25)
Fully diluted earnings per share					
Before amortization of goodwill	**0.39**	0.32	0.20	0.20	(0.21)
After amortization of goodwill	**0.31**	0.28	0.18	0.08	(0.25)
EBITDA per share	**1.77**	1.35	0.83	0.60	0.43
Cash flow generated per share	**1.06**	0.95	0.64	0.60	0.24
Book value per share	**1.58**	1.39	0.99	0.78	0.53

NUMBER OF OUTSTANDING COMMON SHARES	2001	2000	1999	1998	1997
Number of outstanding common shares at the end of fiscal year	**37,930,335**	31,345,156	31,303,906	31,262,656	13,416,742
Average number of common shares outstanding	**37,251,732**	31,311,083	31,284,396	21,911,244	13,416,742

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

The following analysis, which pertains to the operating activities of TransForce Inc. and to the changes in its financial position in 2000-01, should be read in conjunction with the audited consolidated financial statements and their notes on pages 18 to 28 of this annual report.

Fiscal 2000-01, which ended April 28, 2001, covers a 52-week period, compared with 53 weeks in fiscal 1999-00 ended April 29, 2000.

Operating revenues

TransForce's revenues for the year-ended April 28, 2001 amounted to $450.0 million, an increase of $171.8 million or 61.8% over the $278.2 million recorded in fiscal 1999-00. This increase is due in large part to the inclusion of a full year's operations of TST Solutions Inc. compared to only two months in 1999-00, as well as to the organic growth recorded by all its business segments as a result of booming transborder transport and increased shipment volume. Several subsidiaries acquired in 1999-00 also contributed to these results in varying proportions depending on their acquisition date.

Revenues by business segment

Bolstered by acquisitions and organic growth, all business segments recorded an increase in revenues; however, specialized transport and logistical and warehousing services posted the strongest increases. As well, better revenue allocation served to enhance the Company's financial flexibility.

Less than truckload

Revenues for the less-than-truckload segment rose 60.3% over the same period a year earlier to reach $223.5 million. This increase is due primarily to the inclusion of a full year's operations of TST Overland Express Inc., a division of TST Solutions, compared to only two months in 1999-00.

Truckload

Truckload revenues totalled $97.8 million in 2000-01, an increase of 20.8% over the previous year, primarily due to the inclusion of a full year's operations of TST Truckload Express, a division of TST Solutions, compared to two months in 1999-00.

Specialized transport

Revenues in this segment jumped 114.3% to $98.0 million following the inclusion of a full year's operations of TST Expedited Services a company operating in rush delivery and of Entreprises R. R. Mondor, a specialist in flatbed transport across the U.S. and Canada.

Logistical and warehousing services

This segment recorded a revenue increase of 153.6% or $18.6 million to $30.7 million in 2000-01. This spectacular jump, explained by organic growth, is owed to the four subsidiaries that make up this business segment. TST Automotive Services operated at full speed this past year and the Company expects to invest even more in this sector.

With its four subsidiaries operating in the logistical and warehousing services, TransForce is especially well positioned to seize opportunities generated by the demand for outsourced transport services. Thus, sales from this sector should fuel the Company's growth in the next few years.

Operating expenses and rolling stock leasing expenses

Operating expenses increased $140.1 million or 62.3%, to $ 365.0 million as a result of growth in revenue. This increase is due to three principal factors: the cost of equipment use, labour costs and the price of fuel. The cost of equipment use recorded the highest increase. These were partially compensated for through the use of technologies designed to maximize the fleet's efficiency. The increase in the hourly rate for unionized employees was offset in large measure through productivity improvements. Finally, a significant part of the increase in fuel costs was recovered through surcharges on fuel.

Rolling stock leasing expenses increased $8.1 million to $19.1 million primarily as a result of the acquisition of TST Solutions in March 2000, most of whose rolling stock is under operating leases.

Earnings before interest on long-term debt, taxes, depreciation and amortization (EBITDA)

Earnings before interest on long-term debt, taxes, depreciation and amortization (EBITDA) showed solid growth, climbing 55.8% to $65.9 million, against $42.3 million a year earlier. This increase, slightly less than the increase in revenues, is the result of tight control over operating expenses, indicated above, and the efficient use of resources.

Financial expenses

Financial expenses doubled from $7.2 million in 1999-00 to $14.6 million in 2000-01. This increase is the result of an $80 million increase in the Company's long-term debt in light of the financing of the acquisition of TST Solutions. On the other hand, the Company has fully repaid bank advances, which explains the decrease in bank charges from $1.1 million to $0.3 million during the last fiscal year.

Income before income taxes and amortization of goodwill

Income before income taxes and amortization of goodwill increased 53.1% to $24.8 million, against $16.2 million in 1999-00.

Net earnings

TransForce reported consolidated net earnings of $12.4 million for fiscal 2000-01, a $1.9 million increase over the $10.5 million reported a year earlier. The growth in net earnings was not equal to that of sales because of a higher income tax burden. In fact, contrary to the previous year, the Company did not benefit again in 2000-01 from tax losses carried forward from previous years. However, the Company did benefit from the decrease in the corporation tax rate announced in the recent federal and provincial budgets. The income tax saving in this regard was $2.4 million.

Net earnings per share

Net earnings per share were $0.33 compared to $0.34 in 1999-00. On a fully diluted basis, this figure stood at $0.31 against $0.28 a year earlier. During fiscal 2000-01, the Company proceeded with the conversion of three million Class A preferred shares into common shares and the issue of 3.6 million common shares as consideration for an equivalent number of stock purchase warrants. This effectively increased the number of common shares outstanding from 31.3 million in June 2000 to 37.9 million as at April 28, 2001.

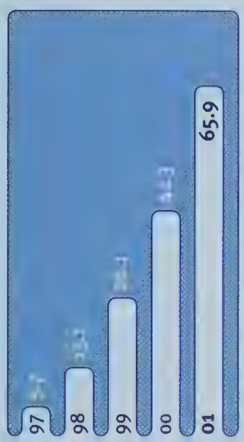
Cash flow

Cash flow reached $39.4 million in 2000-01. TransForce's healthy cash flow, combined with $11.2 million in non-cash working capital, generated cash resources of $0.8 million as at April 28, 2001 and as a result, enabled the Company to eliminate its short-term debt.

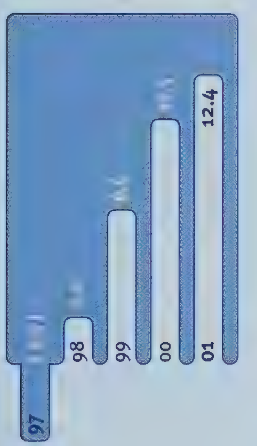
Capital expenditures and corporate acquisitions

Capital expenditures, net of disposals, decreased slightly to $18.3 million, in comparison with $22.7 million a year earlier. Thanks to the Company's state-of-the-art fleet, the Company spent some $10 million to maintain its rolling stock, against $17.2 million in 1999-00. This variance results from the Company taking advantage of operating lease contracts instead of purchases during the last year. Approximately $6 million was invested in our properties during the past year. Over $1 million was spent on new information technology, namely, the installation of onboard computers in less-than-truckload tractors and to develop new online services. Lastly, $1.2 million was invested to acquire Entreprises R. R. Mondor in July 2000.

EBITDA
(in millions of dollars)
Four-year CAGR: 84.4%



NET EARNINGS
(in millions of dollars)



CASH FLOW
(in millions of dollars)
Four-year CAGR: 87.3%

Financial position

The Company's financial position improved substantially in 2000-01 primarily due to the repayment of long-term debt and bank advances totalling $45.9 million. Long-term debt (including convertible debentures) decreased by $14.4 million to $166.9 million.

As in the previous year, the working capital ratio increased, reaching 0.84:1, compared to 0.80:1 a year earlier. The eight-percentage-improvement in this ratio over 1998-99 is largely the result of the decrease in bank advances and the $0.8 million increase in cash.

As at April 28, 2001, the Company's total assets stood at $307.8 million, in comparison with $306.0 million a year earlier. Shareholders' equity amounted to $60.0 million, an increase of 29.0% or $13.5 million over the year earlier period. This increase stems, among other things, from the Company's net earnings and from the $2.5 million increase in share equity resulting from the issue of 3.6 million common shares and consideration for an equivalent number of stock purchase warrants.

Risks and uncertainties

The information contained in this annual report dealing with forward-looking statements and the Company's outlook for growth, are by definition, expressions of risks and uncertainties. As a result, the future results of the Company could vary appreciably from those indicated or implied in these statements.

Future returns of Transforce depend on a number of factors, including market cycles, currency fluctuation, interest rates, credit and the cost of fuel.

Demand for freight transport is closely linked to the state of the overall economy. Consequently, a decline in general economic growth may adversely impact the Company's performance.

In 2000-01, net cash flow stood at US $50 million. A one cent fluctuation in the value of the U.S. dollar compared to the Canadian dollar has a $500,000 impact on the Company's earnings before income taxes. Management has acted to limit this risk through the use of term contracts and foreign exchange collars.

The Company is subject to fluctuations in interest rates. In order to reduce the effect of interest rate changes, the Company has adopted a policy of maintaining a certain percentage of its debt in fixed-rate instruments and others at a variable rate, within certain parameters. As at April 28, 2001, the Company had a variable rate loan of $67.7 million. A change of 1% in interest rates has a $677,000 impact on the Company's earnings before taxes. Nonetheless, the Company does not anticipate an interest rate increase in the short-term that might have a negative effect on its operating results, its financial position nor its cash flow.

The credit risk of our commercial debtors is low, with a large number of customers spread over numerous geographic areas. As at April 28, 2001, no client accounted for more than 10% of consolidated sales.

TransForce is also at risk to the variation in the price of fuel. As at April 28, 2001, no term contracts were in effect for this purpose as the Company is able to recover the majority of added fuel costs through a surcharge to its customers.

Change in accounting policies

Income taxes

As of April 30, 2000, the Company has modified its method of accounting for income tax as more fully discussed in note 2 to the financial statements on page 22 of the annual report.

Earnings per share

The Company has adopted, as of the first quarter of fiscal 2001-02, the new accounting recommendations as published by the Canadian Institute of Chartered Accountants on the method of calculating and the requirements for the presentation and information to be provided regarding earnings per share. As such, the four quarters of the fiscal year ended April 28, 2001 will be restated. Following the adoption of these recommendations, the diluted calculation will be increased by $0.01 per share. As a result, under the new standards earnings per share on a diluted basis for fiscal year ended April 28, 2001 would be $0.32.

PRINCIPAL QUARTERLY FINANCIAL DATA (UNAUDITED)
(in thousands of dollars, except amounts per share)

Fiscal year ended April 28, 2001 Restated[1]	Q1 $	Q2 $	Q3 $	Q4 $
Revenue	109,108	110,997	107,740	122,168
Net earnings	3,123	2,750	5,115	1,388
Earnings per share				
Outstanding	0.09	0.07	0.13	0.04
Diluted	0.08	0.07	0.12	0.04

Fiscal year ended April 29, 2000	Q1 $	Q2 $	Q3 $	Q4 $
Revenue	50,904	56,320	57,916	113,022
Net earnings	2,685	3,272	2,380	2,194
Earnings per share				
Outstanding	0.09	0.10	0.08	0.07
Diluted	0.07	0.09	0.06	0.06

[1] The four quarters of the fiscal year ended April 28, 2001 have been restated to take into account the modified method of accounting for income taxes. This follows the adoption by the Company of recommendations contained in Section 3465 of the Handbook published by the Canadian Institute of Chartered Accountants entitled "Income taxes'.

Outlook

In 2001-02, TransForce plans to actively follow its strategic development plan in key business niches where it already operates on the North-South truck routes. Particular emphasis will be given to the outsourcing market and logistical and warehousing services that flow from it. The opportunity for growth in the framework of current circumstances appears limited. Unless there is a sudden improvement in the North American economy, management, at the present time, does not anticipate more than a slight growth in its total sales in logistical and warehousing services. In all the other sectors, it will make every effort to contain the effect on revenues of the economic slowdown.

To achieve its business objectives, TransForce will continue to demonstrate its insight in the understanding of what is at stake in freight transport in the Canadian and transborder markets. The priority for 2001-02 will be the improvement and the specialization of its human resources as well as the judicious use of leading edge technological tools. In the short-term, we will thereby increase our operational efficiency and in the longer-term, TransForce will improve its profitability by creating synergies across its business units. The savings thus generated, during the coming years, will enhance the Company's performance and facilitate the reduction of its debt level.

MANAGEMENT'S RESPONSIBILITY
RELATED TO THE FINANCIAL STATEMENTS

The consolidated financial statements of TransForce Inc. and all information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in conformity with generally accepted accounting principles in Canada. They include some amounts that are based on management's best estimates and judgement. Financial information included elsewhere in the annual report is consistent with that in the financial statements.

The management of TransForce Inc. has developed and maintains an internal accounting system and administrative controls in order to provide reasonable assurance that the financial transactions are properly recorded and carried out with the necessary approval, and that the consolidated financial statements are properly prepared and the assets properly safeguarded.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee. The Audit Committee reviews the Corporation's annual consolidated financial statements and recommends their approval by the Board of Directors.

These financial statements have been audited by the external auditors, Ernst & Young llp, Chartered Accountants, whose report follows.

Alain Bédard, CA, CMA
Chairman of the Board,
President and Chief Executive Officer
July 5, 2001

AUDITORS' REPORT

To the Shareholders of TransForce inc.

We have audited the consolidated balance sheets of TransForce inc. as at April 28, 2001 and April 29, 2000 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 28, 2001 and at April 29, 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Montréal, Canada
July 5, 2001

Chartered Accountants

CONSOLIDATED BALANCE SHEETS

As at April 28, 2001 and April 29, 2000 *[In thousands of dollars]*

	2001 $	2000 $
ASSETS		
Current assets		
Cash	769	—
Accounts receivable	67,797	73,419
Inventories	1,767	1,793
Prepaid expenses	5,320	6,188
Current portion of future income tax assets *[notes 2 and 10]*	1,994	—
	77,647	81,400
Fixed assets *[notes 2 and 4]*	156,032	149,269
Other assets *[note 5]*	72,068	75,363
Future income tax assets *[notes 2 and 10]*	2,088	—
	307,835	306,032
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank advances *[note 6]*	—	13,639
Accounts payable and accrued liabilities	63,155	59,781
Income taxes payable	1,251	981
Current portion of long-term debt *[note 7]*	28,058	27,676
	92,464	102,077
Long-term debt *[note 7]*	100,113	115,565
Future income tax liabilities *[notes 2 and 10]*	16,565	—
Deferred income tax	—	3,857
Convertible debentures *[note 8]*	38,670	38,005
Shareholders' equity		
Share capital *[note 9]*	36,447	33,928
Retained earnings	21,581	10,605
Equity component of convertible debentures	1,995	1,995
	60,023	46,528
	307,835	306,032

See accompanying notes

On behalf of the Board:

Alain Bédard, Director

Bernard Belanger, Director

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

Year ended April 28, 2001 and April 29, 2000 *[In thousands of dollars, except per share amounts]*

	2001 $	2000 $
Revenues	450,013	278,162
Operating expenses	364,956	224,839
Rolling stock rental expenses	19,113	10,975
	384,069	235,814
Earnings before interest on long-term debt, taxes, depreciation and amortization	65,944	42,348
Interest on long-term debt	14,554	7,156
Depreciation of fixed assets	26,586	18,953
Income before income taxes and amortization of goodwill	24,804	16,239
Income taxes *[note 10]*		
Current	12,584	4,137
Future	(4,030)	164
	8,554	4,301
Income before amortization of goodwill	16,250	11,938
Amortization of goodwill, net	3,874	1,407
Net income for the year	12,376	10,531
Retained earnings, beginning of year	10,605	74
Adjustment to deferred taxes *[note 2]*	(1,400)	—
Retained earnings, end of year	21,581	10,605
Basic earnings per share		
Before amortization of goodwill	0.44	0.38
After amortization of goodwill	0.33	0.34
Fully diluted earnings per share		
Before amortization of goodwill	0.39	0.32
After amortization of goodwill	0.31	0.28
Average number of common shares outstanding [in thousands]	37,252	31,311

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended April 28, 2001 and April 29, 2000 *[In thousands of dollars]*

	2001	2000
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	**12,376**	10,531
Non-cash items		
Gain on disposal of fixed assets	**(64)**	(1,260)
Depreciation of fixed assets	**26,586**	18,953
Amortization of goodwill	**3,874**	1,407
Non-cash interest expense	**665**	—
Future income taxes	**(4,030)**	164
	39,407	29,795
Net change in non-cash working capital balances related to operations	**11,163**	(1,638)
	50,570	28,157
CASH FLOWS FROM INVESTING ACTIVITIES		
Business acquisitions, including assumed bank advances *[note 3]*	**(1,600)**	(109,095)
Additions to fixed assets	**(13,370)**	(5,882)
Proceeds from disposal of fixed assets	**8,236**	9,289
Other assets, net	**338**	(97)
	(6,396)	(105,785)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in bank advances	**(13,639)**	11,543
Increase in long-term debt	**—**	75,793
Repayment of long-term debt	**(32,285)**	(49,764)
Issuance of convertible debentures	**—**	40,000
Issuance of common shares	**2,519**	56
	(43,405)	77,628
Increase in cash during the year	**769**	—
Cash, beginning of year	**—**	—
Cash, end of year	**769**	—
Additional information		
Interest paid	**13,446**	6,578
Income taxes paid	**12,313**	3,118

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in Canada requires management to make estimates and assumptions that affect the amounts disclosed in the financial statements and the accompanying notes. Actual results could differ from those estimates. In management's opinion, the financial statements have been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are wholly-owned.

Fixed assets and capital leases

Fixed assets are accounted for at cost and depreciated over their estimated useful lives, considering their residual value, according to the following methods and annual rates:

	Methods	Rates
Buildings	Diminishing balance	5%
Rolling stock	Diminishing balance and straight-line	10% to 30%
Furniture, machinery and hardware/software	Diminishing balance and straight-line	20% to 33 1/3%
Leasehold improvements	Straight-line	term of lease

Capital leases transferring substantially all the risks and rewards of ownership relating to property leased to the Company are capitalized by recording as assets and liabilities the present value of payments provided for under these leases. Leased property capitalized under this policy is amortized over its estimated useful life. A portion of lease payments is accounted for as a reduction of the related liability, with the remainder accounted for as interest.

Goodwill

Goodwill is amortized using the straight-line method over a 20-year period. The unamortized goodwill is regularly evaluated by management by reviewing the net recoverable amounts of the related acquired businesses. The net recoverable amounts represent the estimated future operating income of the acquired businesses on a non-discounted basis. Any permanent impairment in the unamortized goodwill is written off against income in the year in which it occurs.

Revenue recognition

The Company performs primarily short-to-medium distance hauls. Revenue is recognized when the freight is delivered.

Pension costs and obligations

The pension obligations of the defined benefit pension plans are actuarially determined using the projected benefit method prorated on years of service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Pension obligations are discounted based on current market interest rates and plan assets are valued at fair value. Current service costs are expensed during the year in which they occur. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

Foreign currency translation

Monetary assets and liabilities in foreign currency of Canadian corporations and integrated foreign operations are translated at the exchange rate in effect at the balance sheet date whereas other assets and liabilities are translated at the rate in effect on the transaction date. Income and expense items in foreign currency are translated at the average rate in effect during the year, with the exception of depreciation which is translated at the historical rate. Gains and losses are included in income for the year.

Derivative financial instruments

The Company uses foreign exchange forward contracts and foreign exchange collars to hedge against currency exchange rate variations related to net cash inflows denominated in U.S. dollars. The gains or losses on contracts designated as hedges are recorded in income when the related hedging transactions are realized.

Stock option plans

The Company has two stock option plans, which are described in note 9. No compensation expense is recognized for these plans when stock options are issued to employees. Any consideration paid by employees on the exercise of stock options is credited to share capital.

[1] SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Earnings per share

Basic earnings per share and fully diluted earnings per share are determined according to the weighted average number of common shares outstanding during the year. Fully diluted earnings per share is calculated taking into consideration all dilutive elements.

2 CHANGE IN ACCOUNTING POLICIES

Income taxes

Effective April 30, 2000, the Company changed its method of accounting for income taxes from the deferral method to the liability method with the adoption of Section 3465 of The Canadian Institute of Chartered Accountants' Handbook, *Accounting for Income Taxes*. The Company has applied the new recommendations retroactively without restatement. The cumulative effect of adopting the new recommendations as at April 30, 2000 is an increase in fixed assets of $11,228,000, an increase in the future income tax liability of $12,628,000 and a reduction in the opening retained earnings balance of $1,400,000.

Under the liability method of tax allocation, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that are expected to be in effect in the periods in which such differences are expected to reverse. A valuation allowance is provided to the extent that it is more likely than not that deferred income tax assets will not be realized.

Employee future benefits

Effective April 30, 2000, the Company adopted, on a prospective basis, the method of accounting for employee future benefits required by The Canadian Institute of Chartered Accountants' recommendations in Section 3461, *Employee Future Benefits*. Previously, pension cost obligations were discounted at the long-term rate of return on net assets. In addition, actuarial gains and losses were amortized over the employee average remaining service life.

The transitional asset of $2,304,000 will be amortized on a straight-line basis over the average remaining service period of active employees expected to receive benefits under the benefit plan [10 years]. As a result of this change, pension expense for fiscal 2001 decreased by $230,400, net income increased by $230,400, accrued benefit liabilities as at April 28, 2001 decreased by $230,400 and retained earnings as at April 28, 2001 increased by $230,400.

3 BUSINESS ACQUISITIONS

During the year, the Company acquired all of the shares of Entreprises RR Mondor Inc., on July 7, 2000, a company operating in the specialized trucking industry.

During the year ended April 29, 2000, the Company acquired all of the shares or assets of Transport Nordique Inc. and Les Services Manutex Inc. on June 7, 1999, of Transport R. Mondor Ltée on June 30, 1999, of Les Entreprises Yves Labonté Inc. on July 12, 1999, of Transport McGill (1999) Ltée and McGill Air Inc. on October 4, 1999, of Transless (1991) Inc. on January 2, 2000, of TST Solutions inc. on March 6, 2000, and of DCA Express inc. and Distribution de Colis les Appalaches inc. on March 10, 2000, all companies operating in the trucking and logistics industry.

These acquisitions were recorded under the purchase method and the earnings of the companies acquired were consolidated as of the date of their acquisition. The total purchase price is broken down as follows:

Net assets acquired at their fair value

	2001 $	2000 $
Assets		
Non-cash working capital	1,003	12,724
Fixed assets	3,727	54,235
Other assets	—	105
Goodwill	917	62,974
Future income taxes	—	1,148
	5,647	131,186

[3] BUSINESS ACQUISITIONS

	2001 $	2000 $
Liabilities		
Long-term debt	3,873	13,147
Future income taxes	28	1,054
	3,901	14,201
Net assets excluding assumed bank advances	1,746	116,985
Bank advances assumed	375	8,992
	1,371	107,993
Consideration		
Cash	1,225	100,103
Purchase price balance *[note 7]*	146	7,890
	1,371	107,993

4 FIXED ASSETS

	2001		2000	
	Cost $	Accumulated depreciation $	Cost $	Accumulated depreciation $
Land	28,808	—	24,973	—
Buildings	34,904	7,958	28,598	6,380
Rolling stock	158,176	67,697	142,868	50,331
Furniture, machinery and hardware/software	17,863	11,747	15,187	8,997
Leasehold improvements	6,552	2,869	5,330	1,979
	246,303	90,271	216,956	67,687
Accumulated depreciation	(90,271)		(67,687)	
Net book value	156,032		149,269	

Fixed assets include property leased under capital leases which are recorded at the present value of the payments provided for under these leases. The cost of this property, which consists of rolling stock, totals $51,187,000 [$52,040,000 in 2000] and related accumulated depreciation totals $17,557,000 [$17,112,000 in 2000].

During the year, the Company acquired fixed assets in the amount of $13,196,000 under capital leases and conditional sales contracts [$26,116,000 in 2000].

5 OTHER ASSETS

	2001 $	2000 $
Goodwill, net	69,622	72,579
Other	2,446	2,784
	72,068	75,363

6 BANK ADVANCES

Authorized bank advances of $25,000,000, bearing interest at prime rate plus 0.375% [effective rates: 7.78% in 2001, 7.10% in 2000], are payable on demand and are subject to the same guarantees and conditions as those of the term loans described in note 7 under paragraphs [a] and [b].

7 LONG-TERM DEBT

	Current portion $	2001 $	2000 $
Term loan, at prime rate plus 0.75%, payable in quarterly instalments of $2,450,000, maturing in April 2005 *[see a and b]*	10,550	67,700	75,750
Obligations under capital leases collateralized by rolling stock at a carrying value of $33,630,000, at interest rates varying between 6.64% and 9.45%, payable in monthly instalments of $903,000, principal and interest, maturing on various dates until March 2007 *[see c]*	8,595	30,411	30,013
Conditional sales contracts collateralized by rolling stock at a carrying value of $22,412,000, at interest rates varying between 6.70% and 8.9%, payable in monthly instalments of $610,000, principal and interest, maturing on various dates until March 2008	5,329	20,946	20,390
Notes payable and purchase price balances, at interest rates varying between 0% and 10%, payable in monthly, quarterly and annual instalments, maturing on various dates until August 2005	3,584	9,114	17,088
	28,058	128,171	143,241
Current portion of long-term debt		28,058	27,676
		100,113	115,565

[a] This term loan is secured by movable and immovable hypothecs on the universality of the Company's property.

[b] Under the terms of the loan agreement, the Company is subject to certain restrictions on the payment of dividends.

[c] The interest on obligations under capital leases totals $2,268,000 [$2,294,000 in 2000].

The minimum payments of long-term debt for the next five and subsequent years are as follows:

	Obligations under capital leases $	Other loans $
2002	10,907	19,463
2003	9,346	19,194
2004	6,942	15,569
2005	5,456	13,294
2006 and subsequent years	3,072	30,240
Total minimum payments	35,723	97,760
Less: imputed interest	5,312	—
	30,411	97,760

8 CONVERTIBLE DEBENTURES

During the year ended April 29, 2000, the Company issued $40 million in convertible debentures to its two main shareholders. The debentures bear interest at 7% and are convertible into common shares at any time at the option of the holder on the basis of one share for each $4.50 in debenture. The issuer also has a conversion option in the event the share price reaches $5.50 during a predetermined period. As well, cumulative interest of 3% is payable upon repayment at maturity or in the event of early redemption by the Company. These debentures mature in March 2003.

9 SHARE CAPITAL

Authorized

An unlimited number of common shares, without par value, one voting right per share.

An unlimited number of preferred shares, issuable in series.

Series A, par value of $1 per share, non-voting, non-participating, with no dividend entitlement, convertible in whole or in part as of April 1, 1999 into common shares on a share-for-share basis.

Issued and fully paid

		2001 $	2000 $
37,930,335	Common shares *[31,345,156 in 2000]*	36,447	30,928
—	Series A preferred shares *[3,000,000 in 2000]*	—	3,000
		36,447	33,928

During the year ended April 28, 2001, the Company issued 13,750 common shares [41,250 in 2000] for a cash consideration of $18,563 [$56,000 in 2000] pursuant to the exercise of 13,750 [41,250 in 2000] stock options by executives of the Company.

On June 5, 2000, the Company issued 3,571,429 common shares for a cash consideration of $2,500,000 to the holders of warrants issued on August 4, 1997. Furthermore, the 3,000,000 series A preferred shares were converted into an equal number of common shares.

Stock option plans

Pursuant to the Company's stock option plans, options to purchase common shares can be granted to executives, employees and directors of the Company. The exercise price of these options must not be lower than the closing price of a round lot of common shares on the Toronto Stock Exchange on the date of the grant. A maximum number of 2,600,000 common shares of the Company can be issued when options granted under these plans are exercised.

Options granted under the stock option plans are non-transferable and are exercisable, in whole or in part, on the basis of 25% of the options on each of the first, second, third, and fourth anniversary of the date of the grant for one of the plans and on the basis of 20% of the options on each of the first, second, third, fourth and fifth anniversary of the date of the grant for the other plan. However, the Board may permit the exercise of an option at different dates. Options granted expire on the seventh or the tenth anniversary of the date of the grant, respectively. As at April 28, 2001, outstanding options are as follows:

	2001		2000	
	Number of options	Weighted-average exercise price $	Number of options	Weighted-average exercise price $
Beginning of year	1,170,000	1.52	1,251,250	1.51
Exercised	(13,750)	1.35	(41,250)	1.35
Canceled	(60,000)	1.35	(40,000)	1.35
End of year	1,096,250	1.53	1,170,000	1.52
Options exercisable at end of year	981,250	1.39	843,750	1.31

[9] SHARE CAPITAL

	Options outstanding			Options exercisable	
Exercise price range	Number of options outstanding as at 28/04/01	Weighted-average remaining contractual life	Weighted-average exercise price $	Number of options exercisable at 28/04/01	Weighted-average exercise price $
$1 to 2	866,250	4.3	1.22	866,250	1.22
$2 to 3	230,000	5.0	2.70	115,000	2.70
$1 to 3	1,096,250	4.4	1.53	981,250	1.39

10 INCOME TAXES

The effective income tax rates differ from the federal and provincial statutory income tax rates in Canada as a result mainly of the following:

	2001		2000	
	$	%	$	%
Income taxes before amortization of goodwill calculated at statutory rates	10,559	42.57	6,363	39.18
Increase (decrease) resulting from:				
Benefits from previously unrecorded losses	—	—	(2,971)	(18.30)
Large corporations tax	156	0.63	177	1.09
Future income tax benefit following the change in statutory rates	(2,437)	(9.83)	—	—
Other	276	1.12	732	4.51
	8,554	34.49	4,301	26.48

Significant components of the Company's income tax expense attributable to continuing operations are as follows:

	2001 $
Current income tax expense	12,584
Future income tax benefit from the following:	
Change in statutory rates	(2,437)
Creation and reversal of temporary differences	(1,593)
Income tax expense	8,554

The future income taxes represent the net tax effect of temporary differences between the financial reporting and tax bases of assets and liabilities. Significant components of the Company's future income tax assets (liabilities) as at April 28, 2001 are as follows:

	2001 $
Capital assets	(18,653)
Losses carried forward	4,560
Liabilities and other provisions	1,610
Net amount	(12,483)

TransForce Inc. / April 28, 2001 [All tabular amounts are expressed in thousands of dollars unless otherwise indicated.]

11 PENSION PLANS

The Company has two defined benefit pension plans for qualified employees.

Information about the Company's defined benefit plans as at April 28, 2001 is as follows:

	$
Accrued benefit obligation	
Balance at beginning of year	14,484
Current service cost	709
Interest cost	1,001
Benefits paid	(1,070)
Actuarial loss	801
Balance at end of year	15,925
Plan assets	
Fair value at beginning of year	16,777
Actual return on plan assets	1,525
Employer contributions	–
Employee contributions	368
Benefits paid	(1,070)
Fair value at end of year	17,600
Funded status – plan surplus	1,675
Unamortized transitional asset	(2,074)
Unamortized net actuarial losses	508
Accrued benefit asset	109

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows (weighted-average assumptions as at December 31, 2000 measurement date):

	%
Discount rate	6.5
Expected long-term rate of return on plan assets	7.5
Rate of compensation increase	3

The Company's net benefit plan revenue for the year ended April 28, 2001 is as follows:

	$
Current service cost	341
Interest cost	1,001
Expected return on plan assets	(1,232)
Amortization of transitional asset	(230)
Net benefit plan revenue	(120)

In 2000, actuarial certificates were issued in December 1999 to determine the present value of accrued pension benefits. As at December 31, 1999, the net assets available for benefits totalled $16,777,000 and the present value of accrued pension benefits amounted to $14,484,000. For the year ended April 29, 2000, the pension expense was nil.

12 FINANCIAL INSTRUMENTS

Foreign exchange risk

The Company has entered into foreign exchange contracts for the sale of U.S. dollars in exchange for Canadian dollars that expire within a year. As at April 28, 2001, the notional amount of these contracts is $8,900,000 [nil in 2000], and the average exchange rate of the contracts is C$1.538.

[12] FINANCIAL INSTRUMENTS *[Cont'd]*

The Company has also entered into foreign exchange collars for the sale of U.S. dollars in exchange for Canadian dollars that expire in April 2002. The contracts establish both a floor price and a ceiling price at which the Company can sell U.S. dollars in the future. As at April 28, 2001, the notional amount of these contracts is C$11,000,000 and the exchange rate is between C$1.53 and C$1.597.

The fair value of the foreign exchange contracts generally reflects the estimated amounts the Company would receive from settlements of favorable contracts or which it would be required to pay to cancel unfavorable contracts at the balance sheet date. As at April 28, 2001, the fair market value of foreign exchange contracts approximates their carrying value.

Fair value

Due to the short-term nature of these instruments, the carrying amount of accounts receivable, bank advances, accounts payable and accrued liabilities is equivalent to their fair value. The fair value of long-term debt is determined based on the net present value of contractual future payments of principal discounted at current market rates of interest for debt instruments with similar conditions and terms. The carrying amount of the long-term debt approximates, in all material respects, its fair value.

Credit risk

The Company sells services to clients primarily in Canada and the United States. The concentration of credit risk to which the Company is exposed is limited due to the significant number of customers that make up the Company's client base and their distribution across different geographic areas. As at April 28, 2001 and April 29, 2000, no client accounted for more than 10% of total accounts receivable.

13 COMMITMENTS

The Company has entered into operating leases expiring on various dates until 2006 which call for rental payments of $54,059,000 with respect to rolling stock, computer equipment, machinery and premises. Minimum lease payments for the next five years are $19,179,000 in 2002, $15,905,000 in 2003, $12,067,000 in 2004, $5,626,000 in 2005 and $1,282,000 in 2006.

14 SEGMENTED INFORMATION

The Company operates within the trucking and logistics industry in Canada and the U.S. in the following four reportable segments: transportation of merchandise in Less than Truck Load ["L.T.L."], transportation of merchandise in Truck Load ["T.L."], specialized transportation, as well as logistics and storage services. Revenues for each of these segments are as follows:

	2001 $	2000 $
Revenues		
Transportation of merchandise in Less than Truck Load	223,474	139,389
Specialized transportation	98,045	45,754
Transportation of merchandise in Truck Load	97,758	80,899
Logistics and storage services	30,736	12,120
	450,013	278,162

The accounting policies of the various segments are the same as those described in the summary of significant accounting policies. The Company measures the performance of each segment by relying on revenues by segment and through the use of key operational performance indicators.

The principal assets of the Company are used in the current operations of the four above mentioned segments. For this reason, segmented asset information is not presented.

The Company's operating revenues by geographic segment are as follows:

	2001 $	2000 $
Revenues		
Canada	271,324	182,497
United States	178,689	95,665
	450,013	278,162

Revenues allocated to the United States include the trans-border revenues between Canada and the United States.

Fixed assets and goodwill balances are mostly located in Canada.

MANAGEMENT

TRANSFORCE INC.
Alain Bédard, CA, CMA
Chairman, President
and Chief Executive Officer

Daniel Gendron, CRIA
Vice-President, Labor
Relations

CK LOGISTICS INC.
Connie Roberts
Manager,
Sales and Operations

ENTREPRISES R.R. MONDOR INC. (MONDOR INTERNATIONAL)
Raymond Mondor
President

ENTREPRISES DE TRANSPORT J.C.G. INC.
Jean-Claude Germain
President

LOCATION MIRABEL INC.
Robert Papineau
President

RAYNALD APRIL INC.
Raynald April
General Manager

TRANSLESS (1991) INC.
Jacques Lessard
President

CABANO KINGSWAY TRANSPORT INC.

KINGSWAY TRANSPORT OF AMERICA INC.
Alain Bédard
President

Johanne Dean
Vice-President,
Sales and Marketing

TRANSPORT LEBON INC.
Junior Roy
President

TRANSPORT NORDIQUE INC.
Conrad Guerra
President

TRANSPORT PAPINEAU INTERNATIONAL INC.
Robert Papineau
President

Richard Papineau
Vice-President

Michel Dupont
Vice-President,
International Sales

TRANSPORT R. MONDOR (1999) LTÉE
Benoit Mondor
Vice-President

TST AUTOMOTIVE SERVICES
Barry Bruneau
Senior Vice-President

TST EXPEDITED SERVICES
Brian Kohut
Vice-President,
General Manager

TST OVERLAND EXPRESS
Gary King
President

TST LOAD BROKERAGE SERVICES (LBS)

TST TRUCKLOAD EXPRESS INC.
Tom Philips
Vice-President and General
Manager

BOARD OF DIRECTORS

Me. Marcel Aubut
Managing Partner
Heenan Blaikie Aubut
(Law firm)
Québec (Québec)

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(Investment fund)
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President
Entreprises de Transport J.C.G. Inc.
(Transport company)
Trois-Rivières (Québec)

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President and Chief Executive Officer
Premier Tech Ltée
(Peat moss and industrial
equipment producer)
Rivière-du-Loup (Québec)

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Chairman of the Board,
President and Chief Executive Officer
TransForce Inc.
Montréal (Québec)

Gilles Harpin
Vice-President,
Corporate Development
Jolina Capital Inc.
(Holding company)
Montréal (Québec)

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Joey Saputo
President
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Montréal (Québec)

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BANKERS
National Bank of Canada

ANNUAL MEETING OF SHAREHOLDERS
Tuesday, September 25, 2001 at 11:00 A.M.
Salon Duvernay of the Sheraton Laval Hotel
2440 Laurentian Autoroute
Laval, Québec

STOCK EXCHANGE LISTING
The common shares of TransForce Inc.
are listed on the Toronto Stock Exchange
(Symbol: TFI)

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